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Intervention Prices for 2015 Grain Crop

Report Categories:

Grain and Feed

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Report Highlights:

On March 31, 2015, the Russian Ministry of Agriculture determined the level of prices for 2015 grain crop purchases to the State Intervention Fund. The wheat prices are from 3 to 5.4 percent lower than the current price level, and corn, barley and rye prices are higher than the current prices, ranging between 23.2 to 26.2 percent higher. The Ministry has not determined the date of initiation of intervention purchases for the 2015 crop, and reserves the right to adjust prices as the market situation changes.

General Information:

As required by the Russian legislation, on March 31, 2014, the Ministry of Agriculture determined the level of prices for 2015 grain crop purchases to the State Intervention Fund:

<http://mcx.ru/news/news/show/36603.355.htm>. Intervention purchases of the 2015 grain crop to the Intervention Fund shall begin when/if the market prices reach the following levels:

- a. For soft wheat Class 3:
 - For the subject of the Russian Federation in the Central, North-Western, Volga Valley, North Caucasus, Southern and Crimea federal districts – 9,700 rubles per 1 metric ton (MT);
 - For the subjects of the Russian Federation in the Ural , Siberia and the Far Eastern federal districts – 9,500 rubles per 1 MT;
- b. For soft wheat Class 4:
 - For the subject of the Russian Federation in the Central, North-Western, Volga Valley, North Caucasus, Southern and Crimea federal districts – 8,900 rubles per 1 MT;
 - For the subjects of the Russian Federation in the Ural , Siberia and the Far Eastern federal districts – 8,700 rubles per 1 MT;
- c. For soft wheat Class 5:
 - For the subject of the Russian Federation in the Central, North-Western, Volga Valley, North Caucasus, Southern and Crimea federal districts – 8,600 rubles per 1 MT;
 - For the subjects of the Russian Federation in the Ural , Siberia and the Far Eastern federal districts – 8,400 rubles per 1 MT;
- d. For food rye, group “A” for all subjects of the Russian Federation – 6,400 rubles per 1 MT;
- e. For fodder barley for all subjects of the Russian Federation – 6,500 rubles per 1 MT;
- f. For corn, Class 3, for all subjects of the Russian Federation – 6,900 rubles per 1 MT.

The new prices will be in force from July 1, 2015 through June 31, 2016, and will cover only the 2015 grain crop. The Order does not determine the date of the initiation of intervention purchases. Also, the Ministry of Agriculture has the right to adjust for intervention purchases of the 2015 crop if the market situation changes.

Wheat prices for the 2015 crop are set approximately 3 to 5.4 percent below the current level of intervention prices, and corn, barley and rye prices are higher than the current prices from between 23.2 to 26.2 percent. For the 2014 crop, the Ministry determined the intervention prices on March 31, 2014, but in December 2014 increased these prices (Table 1). As of April 1, 2015, the state Intervention Fund purchased 516,757 MT of grain from the 2014 crop, for 3.8 billion rubles, including 146,610 MT of wheat Class 3; 85,860 MT of wheat Class 4; 77,352 MT of wheat Class 5; 93,285 MT of rye, and 113,650 MT of barley. The Fund did not purchase corn.

Table 1. Target market prices for intervention purchases

	March 31, 2014 prices for crop 2014	December 22, 2014 prices for crop 2014	March 31, 2015 prices for crop 2015	Cha nge fro m Dec emb er

				22, 201 4 to Mar ch 31, 201 5
Wheat Class 3				
- Central, North-Western, Volga Valley, North Caucasus, Southern	6,750	10,000	9,700	- 3.0 %
- Ural, Siberia, Far Eastern	6,400	10,000	9,500	- 5.0 %
Wheat Class 4				
- Central, North-Western, Volga Valley, North Caucasus, Southern	6,450	9,300	8,900	- 4.3 %
- Ural, Siberia, Far Eastern	6,200	9,200	8,700	- 5.4 %
Wheat Class 5 (feed)				
- Central, North-Western, Volga Valley, North Caucasus, Southern	6,100	9,000	8,600	- 4.4 %
- Ural, Siberia, Far Eastern	6,000	9,100	8,400	- 7.7 %
Food rye (Group “A”)	5,100	5,100	6,400	+25 .5%
Fodder barley	5,150	5,150	6,500	+26 .2%
Corn (grain), Class 3	5,600	5,600	6,900	+23 .2%

Source: Ministry of Agriculture